



City of San Diego

CARL DEMAIO

CITY COUNCILMEMBER –DISTRICT 5

MEMORANDUM

DATE: October 8, 2010

TO: Mayor Jerry Sanders

CC: City Council Members and City Attorney

FROM: Councilmember Carl DeMaio *Carl DeMaio*

RE: Shutting the Public Out of the CCDC Decision

As part of the recently approved state budget, an eleventh-hour amendment was added to lift the cap on tax revenues being diverted from the city's General Fund into the downtown arm of the redevelopment agency.

I am concerned that this unilateral action at the request of a state legislator completely disregards a public process that the City of San Diego established in June to thoughtfully and methodologically analyze the pros and cons of raising the redevelopment cap.

I am further concerned that the action shuts the public out of the process of deciding what is quintessentially a local issue with significant local impacts not only downtown, but city-wide due to the potential impacts to the City's General Fund budget.

In June, the City Council passed legislation that called for an analysis of important issues before a decision was made on increasing the cap. Those issues included:

- The impact to the City's General Fund and what shortfalls – if any – would result from raising the cap. The Independent Budget Analyst warned the City Council that raising the cap could have a detrimental effect on the General Fund of more than \$300 million if the cap increase were not structured to explicitly protect the General Fund.¹

¹ See IBA Report 10-36.

- The potential use of redevelopment funds to achieve affordable housing goals and improve services for the homeless.²
- Committing the Redevelopment Agency to pay for all outstanding debt service on Petco Park – which is pegged at \$11.3 million per year and is currently scheduled to revert back to the General Fund in several years.³

News accounts have reported active lobbying on behalf of the City to support this amendment in the state legislature. To this end, I am concerned that such action would violate the spirit of the City Council's direction from June.

Request #1: Please provide the City Council and Independent Budget Analyst with a report on what activities indeed were conducted in support of this amendment to the state budget.

Request #2: I request that the City Attorney inform the City Council of how a process can be created to achieve the goals and stipulations laid out by the City Council in June.

² See motion from item 2 on RDA.

³ Ibid.